

Decision No. 7.670**ORIGINAL**

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of ROBERT L. SWANSON for authority  
to increase telephone service rates. } Application No. 5206.

Robert L. Swanson, in propria persona.

BY THE COMMISSION.

O P I N I O N

Applicant herein applies for authority to increase rates for telephone service on his lines near Red Bluff.

A public hearing on the application was held by Examiner Westover at Red Bluff.

Applicant's system consists of toll and exchange lines, serving an area which extends from Red Bluff to Manton, a distance of some forty miles, with central office exchanges located at Berendos, Payne's Creek and Manton. The subscribers located in this area are widely scattered.

Applicant maintains that he is at present receiving practically no compensation for his own labor and that, owing to the high cost of labor and material and living, it is impossible to continue furnishing service at his present rates. These rates are as follows:

<u>Number of Stations</u>	<u>Rate Per Year</u>
2	\$15.00
32	12.60
3	12.00
<u>37</u>	

<u>Number of Stations</u>	<u>Rate Per Year</u>
5	\$10.00
1	9.00
2	8.00
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25	6.00
15	3.00
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The above classification is not arranged on the basis of the kind of service furnished, but is graded according to the circumstances of ownership in each case. In some cases, some of the subscribers own their own instruments; in other cases, they furnish the poles or aid in the construction of the line in one manner or another. The third group shown above contains only farmer lines, by which is meant lines owned entirely by the subscribers. In the case of those paying \$6.00 annually, the lines are supposed to be maintained by the company.

The applicant proposes the following rates:

37	subscribers in the first	group above,	-	\$18.00	per year.
8	" " " second	" "	-	10.00	" "
40	" " " third	" "	-	6.00	" "

There is in effect at present a toll rate for non-subscribers who wish to talk over the company's lines to Red Bluff of 25 cents for three minutes and 5 cents for each additional minute. No change is desired in this toll rate.

Mr. F. D. Andrews, one of the Commission's engineers, inspected the system and made an inventory of it, to which he applied unit costs and estimated overhead expenses, resulting in a total reproduction cost, on an historical basis, of \$9117.00. The reproduction cost, less depreciation, which has accrued on the property, he found to be the sum of \$5471.00.

At present rates, the gross annual revenue with the present number of subscribers would amount to \$764.00. The actual operating expenses during the year 1919 amounted to \$490.50. These

expenses are below normal chiefly for the reason that the owner, acting as manager, and the operator at Berendos, receive no salary.

We have, therefore, allowed for the future \$10.00 per month for the Berendos operator, \$30.00 per month for manager's salary and \$4.00 per month for such use as is made of horse and cart. While the rates hereinafter provided do not contemplate a full return upon the investment and are insufficient to provide normal operating expenses, it must be borne in mind that this plant serves a widely scattered and thinly settled territory and has an unduly large investment in proportion to the extent of its business.

The classes of service which the applicant now provides and the rates now in effect, as well as the rates proposed by applicant, are not in accordance with generally accepted standards. We are of the opinion that the rates provided in the order are more in accordance with these standards and will provide revenue greater than that which would be secured from the rates which the applicant proposes.

Referring to the schedule of rates set forth in the order, the one, two, four and ten party line service therein provided should be confined to subscribers located at comparatively short distances from any central office. The ten and twelve party line suburban service is intended for subscribers located at considerable distances, such as two or three miles and greater, from central offices.

These rates are based upon the classes of service shown, which are now actually being provided. The rates in each case contemplate ownership and maintenance of the lines and telephones by the applicant except in the case of farmer lines. Where farmer line service is being given to subscribers owning their own telephones who are on the same line with subscribers who do not own

their equipment, the company should reimburse the former in service or otherwise for such equity in the lines as they possess, and then assume the ownership and maintenance. If any subscriber should refuse to dispose of his interest, the company may, nevertheless, charge the uniform rate for service which it would otherwise be entitled to charge for the class of service provided. We suggest that if any of the farmer line subscribers desire to have the company maintain their lines the company should do so and bill the subscribers for the cost of such maintenance.

Except that bills may be rendered and collected annually in advance for farmer line service, bills should be rendered and collected monthly in advance in accordance with the general practice as provided in the Commission's Decision No. 2379 in Case No. 683.

#### O R D E R

Robert L. Swanson, doing business under the fictitious name of Swanson Telephone System, having filed an application with the Railroad Commission for authority to increase rates for telephone service in territory served by his system in Tehama County, California, and a public hearing having been held,

IT IS HEREBY FOUND that the rates heretofore charged for telephone service by said applicant are unjust and unreasonable and that the rates hereinafter provided are just and reasonable. Basing its conclusion herein upon said finding and upon the facts set forth in the opinion preceding this order,

IT IS HEREBY ORDERED by the Railroad Commission that said Robert L. Swanson be and he is hereby authorized to file with the Railroad Commission within thirty (30) days from the date of this order, and thereafter to charge and collect, rates in accordance with the following schedule:

<u>Class of Service</u>	<u>Rate Per Month</u>
1 party service,	\$2.00
2 " "	1.75
4 " "	1.50
10 " "	1.25
10 " suburban service,	1.75
12 " " "	1.50
Berendos-Manton through line service,	1.00
Farmer line service,	4.20 per year.

Toll switching rates to continue as at present.

The authority herein is granted subject to the condition that adequate and efficient telephone service shall be provided at all times for all classes of service.

Dated at San Francisco, California, this 8<sup>th</sup> day of June, 1920.

Edwin O. Edgerton  
H. D. Ireland  
Dwight Mott  
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Commissioners.